



Director of
Central
Intelligence

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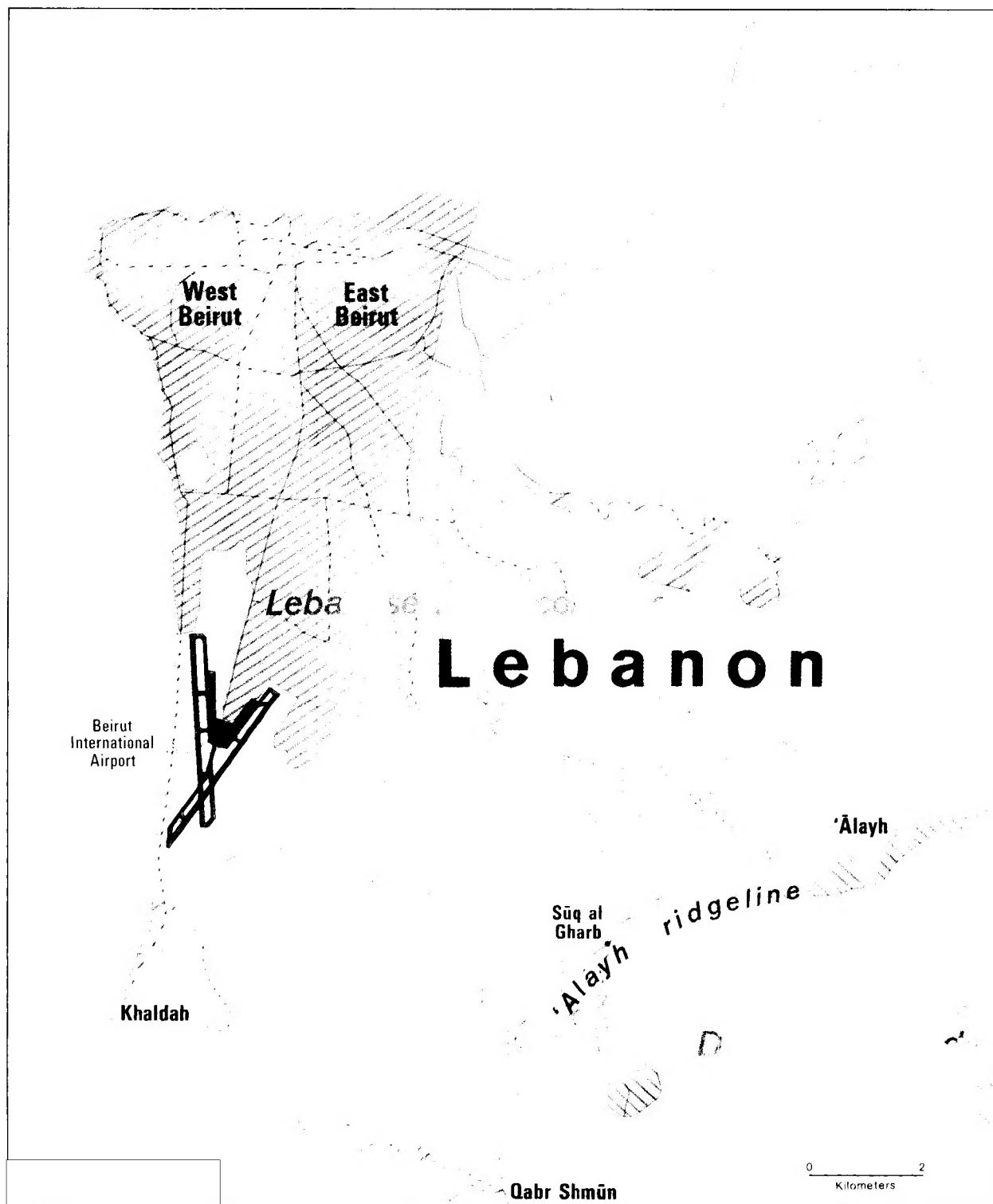


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LEBANON: More Fighting

Heavy fighting continued yesterday in Beirut, but Shia leaders suggest they will reciprocate if the government makes conciliatory moves. [redacted]

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Press reports state that the Army recaptured four positions near the southern suburbs from Shia militiamen. [redacted]

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The US Ambassador urged Shia Amal leader Barri's political adviser yesterday not to call for Shia soldiers to desert the Army or to intensify the fighting. The Ambassador told the adviser that the government had no intention of invading the southern suburbs and that it was preparing political initiatives to deal with the situation. The adviser said that Amal did not intend to call for Shia desertions, supported US policy and the Marine presence, and wanted the government to take some positive steps. [redacted]

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Comment: Druze and Shia fighters continue to be concerned that the Army intends to attack the southern suburbs and Druze positions along the Alayh ridge. Clashes are likely to continue unless the government offers assurances to Muslim opposition groups that no offensive will occur. [redacted]

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The current tense atmosphere raises the risk of miscalculation. Both the Army and the Muslim forces suspect each other of planning to launch an offensive. Apparent attempts by the Army to reinforce its positions probably are contributing to Druze and Shia fears. [redacted]

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Shia Amal concerns about an Army move may have been calmed. Barri has avoided calling for Shia desertions in past crises, and he would be likely to do so only if he gives up hope of reaching a political accommodation. [redacted]

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FRANCE-LEBANON: New Ideas for MNF Withdrawal

Recent discussions involving senior French officials and Middle Eastern and Soviet leaders may have encouraged Paris to pursue ideas for substituting a UN contingent for the Multinational Force.

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The US Embassy in Paris says that top officials in the Foreign Ministry visited the Middle East recently to promote the idea of substituting a UN force in Beirut for the MNF. The French reportedly now believe that Damascus might accept a UN force under certain conditions and that Syria's attitude will determine whether the USSR will go along. French Middle East Director Bonnefous suggested to Embassy officials that Syria's conditions include withdrawing the MNF before the UN force is placed in Beirut and limiting the UN area of operation to the city itself.

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French officials, meanwhile, have told US diplomats in London that Soviet Foreign Minister Gromyko recently advised French Foreign Minister Cheysson that the USSR would support an expansion of UN forces in Lebanon if Syria agreed. Gromyko also reportedly said that the Soviets wanted to avoid the simultaneous presence of MNF and UN forces and wanted the US out of Lebanon.

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Comment: Paris is pessimistic about the chances for an agreement among the Lebanese factions. The French are likely to believe that Syrian agreement on a small first step toward withdrawal is the best solution possible.

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For now, the French seem to have shelved their objections to the agreement of 17 May. They probably do not believe, however, that Syrian cooperation is possible without modifications to the Lebanese-Israeli accord.

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NATO: Sentiment for New MBFR Initiative

Several Allies are urging that the West prepare a new proposal for the MBFR talks, which are to resume in Vienna on 16 March.

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At a meeting of NATO's Senior Political Committee last Monday, Italian, Dutch, and Canadian officials argued that the USSR could score a public relations victory in Western Europe if the Allies were to go to Vienna emptyhanded. The Soviets continue publicly to stress that the USSR has made concessions on verification measures but that the West remains inflexible.

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Prime Minister Thatcher is opposed to any retreat on the data issue, but the British have suggested that the Allies consider taking up MBFR issues in the second phase of the Conference on Disarmament in Europe, which would not begin until at least 1986. The initial phase of the CDE deals only with confidence- and security-building measures. Officials of West Germany, France, Belgium, Norway, Denmark, and Canada previously have indicated they expect a second phase of CDE to address force reductions.

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Comment: The USSR's willingness to resume MBFR talks, but not negotiations on nuclear force reductions, has prompted West Germany to make new efforts to persuade the Allies to adopt a more flexible position on requiring agreement on data. Bonn is likely to urge the other Allies over the next few weeks to push the US and the UK on this issue.

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British references to a second phase of CDE indicate that some Allies also may begin to pressure the US to consider broadening the mandate of the conference to cover conventional disarmament issues. Continuation of the stalemate in Vienna could increase Allied interest in shifting negotiations on conventional force reductions to Stockholm.

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ITALY: Possible Cabinet Dispute

A decision to try the Bulgarian, Sergey Antonov, accused of plotting to kill the Pope could prompt new wrangling among members of the coalition. [redacted]

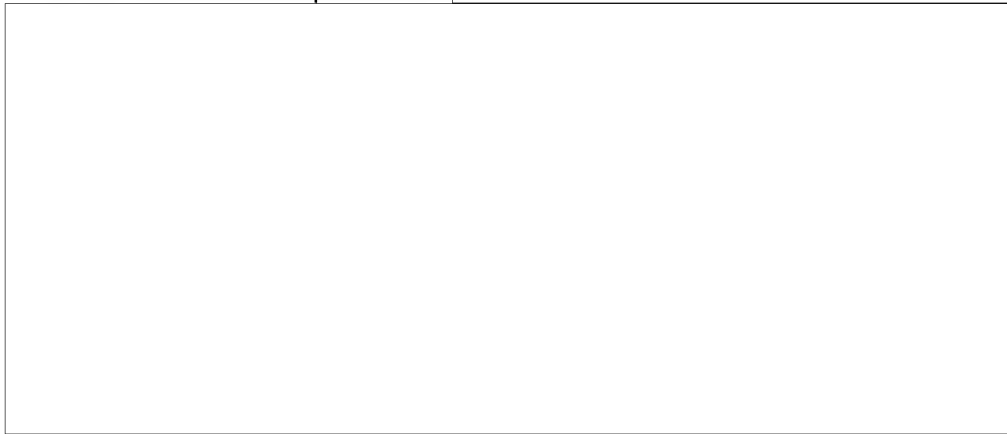
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Magistrate Martella has completed his inquiry, and the judiciary will rule later this month whether there is enough evidence to warrant a trial. Antonov is under house arrest in Rome, pending appeal of a lower court decision to return him to prison. [redacted]

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A senior Italian official has told the US Embassy that the case has become a "delicate problem." [redacted]

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Comment: Disagreements last week among members of the coalition over economic policy and high-level appointments suggest that Craxi will be increasingly preoccupied with squabbles in the cabinet in the weeks ahead. The Antonov case is one of several issues that could provoke new infighting in the five-party government. [redacted]

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The Christian Democrats and the Socialists, the two largest parties in the coalition, have different views on the Antonov affair. The Socialists, who endorsed the theory of a Bulgarian role in the assassination attempt, almost certainly would be embarrassed by a decision to release Antonov. The Christian Democrats have become increasingly vocal in their calls for easing East-West tensions, and they may believe that they can turn Antonov's release to their advantage. [redacted]

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NICARAGUA-HONDURAS: Alleged Massacre of Indians

The Sandinistas are trying to embarrass Honduras by publicizing at the UN an alleged massacre of Miskito Indians. [redacted]

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Nicaragua has called for an investigation of charges by Nobel Peace Prize laureate Perez Esquivel that Honduran troops murdered 200 Indians in early January when they tried to return to Nicaragua. Honduran Foreign Minister Paz Barnica sent Nicaragua a note denying the charge and suggesting that Perez had confused Honduras with Nicaragua. [redacted]

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The US Embassy in Tegucigalpa reports that, during a visit to Honduras last month, Perez was told of a massacre involving Sandinista troops on Honduran soil. Perez thought Honduran troops might be involved, however, and made his speculation public to force an investigation of the incident. [redacted]

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Nicaragua asked Honduras last week for permission to send a delegation to visit Miskito refugees to explain its amnesty decree and to encourage the Indians to participate in planned elections. [redacted]

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Comment: The Sandinistas probably believe that by echoing Perez's charges they can divert attention from insurgent reports of a Nicaraguan incursion into Honduras in which several Indians were killed. They also hope to offset the unfavorable press coverage they received when over 1,000 Miskitos fled to Honduras in late December. [redacted]

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The allegation of Honduran involvement appears spurious, but Honduras is unlikely to initiate an investigation because it does not want to lend credibility to the Nicaraguan protest. Tegucigalpa probably will refuse Managua's request to visit the refugee camps, pointing to past Sandinista abuses of Indian rights. Honduras may seek to reject Sandinista criticism of this move by citing the Contadora negotiations as the proper forum to address the entire refugee issue. [redacted]

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JAPAN: New Session of the Diet

Issues of importance to the US will be addressed in the early debates in the Diet, which reconvenes on Monday. []

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The opening speech by Prime Minister Nakasone will focus on his domestic program, followed by two days of questions from the opposition. Debate on the budget for fiscal 1984, which has to be adopted by 1 April, will begin on 13 February. []

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Comment: The opposition parties are anxious to use the strength they gained in the lower house election in December to challenge the Liberal Democrats, and the session will be lively. The opposition is likely to take the earliest opportunity to question the government about nuclear weapons on US naval vessels calling in Japanese ports. They have tried to keep the issue alive since the media raised it last month. []

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The opposition also may try to weaken important rural support for the Liberal Democratic Party. They may raise the possibility that Nakasone may make concessions to Washington on agricultural trade that will hurt Japanese farmers. []

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The most serious challenge probably will occur during the budget debate, when the opposition will criticize the proposed 6.55-percent increase in defense spending in a generally austere budget. It probably will question Nakasone's commitment to solving domestic problems and will warn that he is moving Japan toward spending more than 1 percent of GNP on defense. Debate over the budget could continue through March, forcing Nakasone to delay presentation of his domestic programs, including educational and bureaucratic reforms. []

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The opposition parties will be outspoken, but they are unlikely to push too hard on any issue, including the issue of former Prime Minister Tanaka's continued membership in the Diet. They will not want to risk losing their new strength in the Diet by giving Nakasone an excuse to dissolve the lower house and call new elections. []

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[redacted]

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YUGOSLAVIA: Anti-Western Sentiment

Some members of the leadership reportedly are blaming Washington and the West for the country's domestic problems.

[redacted]

[redacted]

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[redacted]

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Vice Premier Dragan, before leaving for the US with Mojsov and President Spiljak, told Belgrade Radio that he remained optimistic that Yugoslavia and the IMF would reach agreement on new standby credits. Nevertheless, he warned that Yugoslavia might proclaim a unilateral debt moratorium if this proves impossible. Defense Minister Mamula also has publicly warned that foreign financial assistance might not be forthcoming this year.

[redacted]

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Comment: The leadership, while generally grateful for US help, is receiving increasing criticism—especially from the military—because of its political indecision and economic mismanagement.

[redacted]

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[redacted]

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Dragan has been the leading proponent of cooperation with the IMF and Western creditors. He may be trying to persuade the IMF to relax its conditions for agreement. At the same time, he may consider it necessary to show critics that he will not knuckle under to IMF conditions that are believed to violate Yugoslavia's sovereignty.

[redacted]

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[redacted]

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BRAZIL: Unsafeguarded Nuclear Activities

Brazil is continuing to conduct unsafeguarded nuclear research, and military officers have stated that by 1990 it will be in a position to begin developing nuclear weapons, if it chooses.

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Following Argentina's announcement in November of its capability to enrich uranium, a number of Brazil's highest ranking military officers for the first time publicly stated that Brazil will be able to produce nuclear weapons by the end of the decade.

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Comment: Despite the publicity surrounding the military's unusual recent statements, Brazilian unsafeguarded research is small in scale, and financial constraints are likely to limit acceleration of the effort. Even if Brazil were to begin an intensive effort now to build a nuclear device, it probably could not achieve this objective before the mid-1990s.

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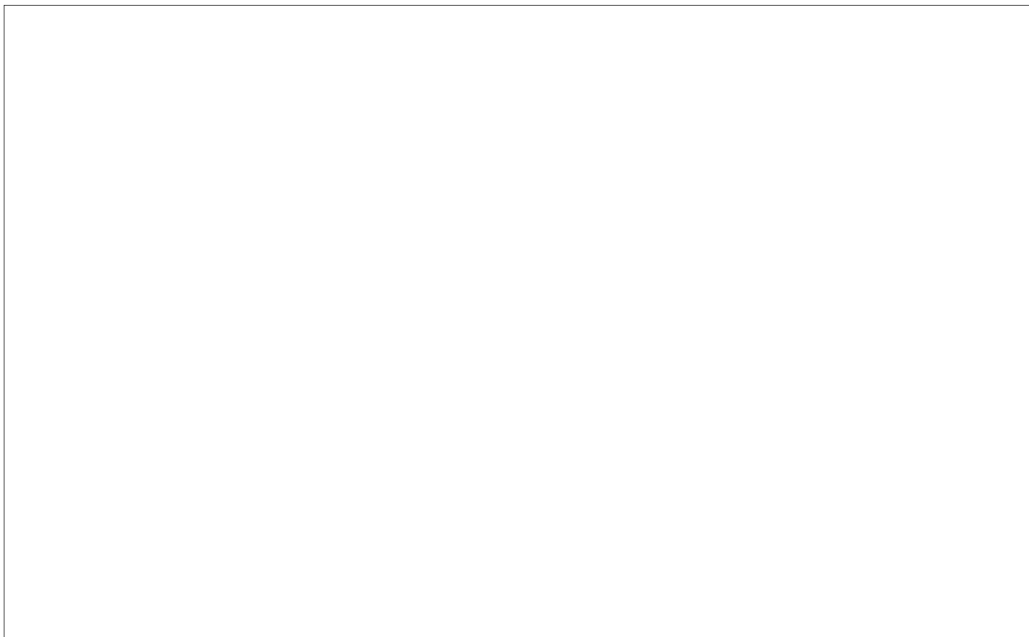
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USSR-US-LEBANON: Restrictions on Soviet Naval Activity

The Soviets apparently believe US naval ships in the eastern Mediterranean will soon become involved in some type of hazardous activity. The Israelis have told the US defense attache in Tel Aviv they have information that the Soviets have advised their naval ships in the area to stay at least five nautical miles away from US ships until 10 February. If the Soviet ships should approach closer, however, they are to identify themselves to the US ships. These restrictions reportedly have been imposed for an area north of the US-declared zone of hazardous naval operations in the waters off Lebanon. [redacted]

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Comment: The restrictions suggest that Moscow wants to avoid any incident with the US resulting from current tensions in Lebanon. The Soviets may have received information concerning the rumored Lebanese Army offensive and expect that US naval units would become involved. They also may have learned about possible terrorist attacks against the US ships. [redacted]

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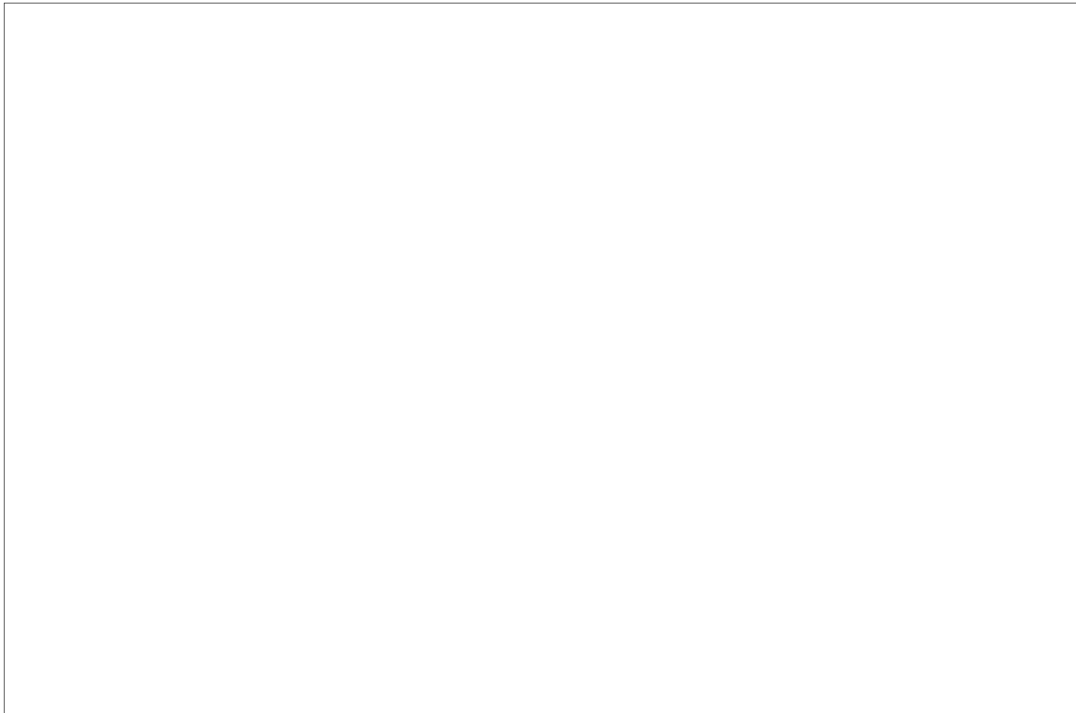
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WEST GERMANY-EGYPT: Tank Assembly Plant

A West German newsletter reports that the Krauss-Maffei firm recently contracted with a subsidiary in the UK to produce a less advanced version of the Leopard II tank at a plant in Egypt. The arrangement—circumventing West German restrictions on weapons sales to areas of tension—allegedly would allow controversial sales to Saudi Arabia and Iraq. The Social Democrats are demanding clarifications, but the government and the company have refused comment.

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Comment: The contract is similar to one negotiated with Argentina in the mid-1970s by the West German firm Thyssen Henschel. Thyssen provides technical expertise and assists in the construction of a medium tank in Argentina. Kohl has thus far refused to approve the direct sale of tanks to Saudi Arabia. Recent publicity and political opposition to the Krauss-Maffei deal probably will cause him to disapprove this arrangement as well.

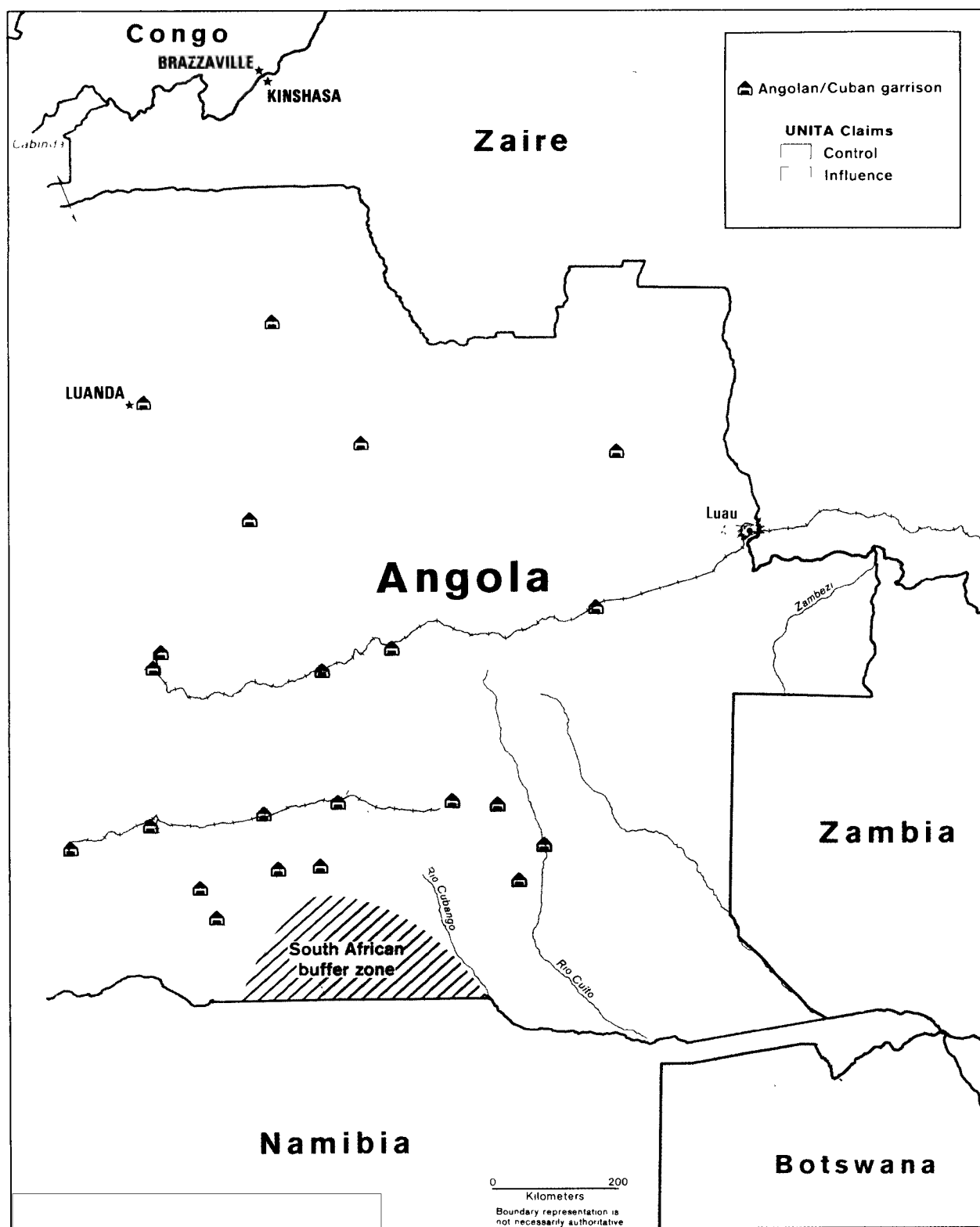
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ANGOLA: UNITA Attack

Luanda said yesterday its troops repulsed a UNITA attack on the border town of Luau in eastern Angola. [REDACTED]

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[REDACTED] the insurgents began their attack late last week. Most of the Angolan troops retreated, but sporadic fighting was reported in the town on Monday. [REDACTED]

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Comment: Despite Luanda's claims, the outcome of the fighting is not yet clear. If UNITA were able to capture and hold Luau, it would strengthen its position as it tries to win control of the northeast. On the other hand, a government victory would slow the UNITA drive and perhaps make the insurgents more cautious about attacking Angolan garrisons. [REDACTED]

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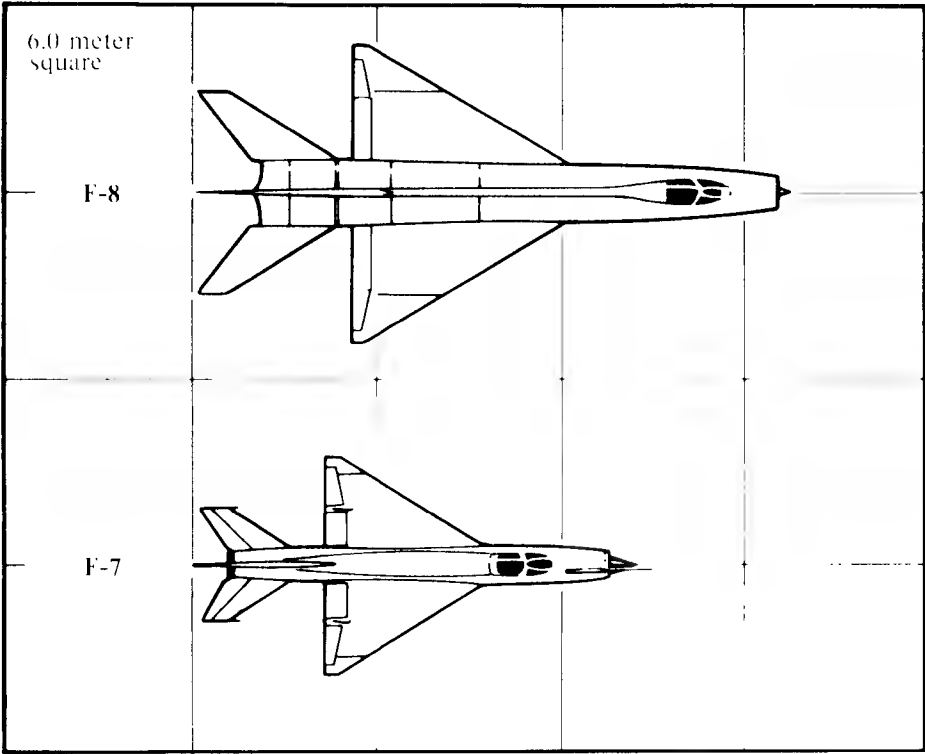
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F-8 Finback Size Comparison



	Operational Radius*	Maximum Speed	Guns	Missiles	Radar
F-8 Finback	460 nm	Mach 2.4	2 30-mm cannons	4 infrared-guided or semiactive radar-guided (under development)	Search and track
F-7 Fishbed C	370 nm	Mach 2.0	2 30-mm cannons	2 infrared-guided	Range only

*The radius given is for a mission to win mostly at high altitudes at subsonic speeds

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CHINA: Deployment of Fighter Aircraft

[redacted] 25X1
[redacted] The twin-engine 25X1
F-8 resembles the F-7, Beijing's indigenously produced version of the
MIG-21, but it is larger, has greater speed and combat radius, and an
improved radar. This is only the second delivery of F-8s, which were
first deployed in August 1982, and raises to 14 the total now in
operational service [redacted] 25X1
production at the Shenyang Airframe Plant recently has increased to
nearly two F-8s per month. [redacted] 25X1

Comment: The latest delivery and the increased production
suggest Beijing is generally satisfied with the F-8's performance after
a long and troubled development. The unusually long period between
deliveries may have been for operational evaluation of the F-8. The
F-8's search-and-track radar will enable it to use a radar-guided
missile, which is still under development, and make it China's most
capable all-weather fighter. Assembly of F-8s at the Shenyang
plant—the country's most productive fighter facility—is likely to
increase to about five per month over the next two years. [redacted] 25X1
[redacted] 25X1

DIA Comment

DIA believes this analysis presents an overly optimistic picture
of the F-8/Finback program. Delivery of only six aircraft within a
17-month timeframe and production of approximately 14 aircraft
within the past year does not suggest Beijing's satisfaction with the
performance of this aircraft. Beijing has frequently expressed its
discontent with the performance of the F-8 to US officials. This
discontent may be further exemplified by the lack of training at the
only F-8 operational unit, as evidenced by [redacted] official Chinese 25X1
requests for US assistance in improving the aircraft. [redacted] 25X1

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Current Composition of the Knesset

Coalition		Opposition	
Likud bloc		Labor Alignment	
Herut	25	Labor Party	42
Liberal Party	17	MAPAM	7
La'am	4	Citizens' Rights Movement	1
Independents	2	Subtotal	50
Subtotal	48	Democratic Front for Peace and Equality	4
National Religious Party	5	Shinui	2
Agudat Israel	4	Total	56
TAMI	3		
Tehiya	3		
MATZAD	1		
Total	64		

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Special Analysis

ISRAEL: Government Struggling To Survive

Pressure on Prime Minister Shamir's shaky coalition has intensified as a result of no-confidence motions defeated last week in the Knesset, renewed talk of early elections, and threatened defections from the coalition. The economy remains Shamir's principal worry, but he and his colleagues are being forced to pay more attention to keeping the coalition intact than to dealing with it. Barring an unexpected economic turnaround, the Labor Party could come to power later this year.

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Labor has publicly urged that the elections to the Knesset—now scheduled for November 1985—be held as soon as possible. A recent party statement maintained that early elections are necessary because the government is consumed by “crisis and blackmail”—an allusion to the economic concessions Shamir made to the three-member TAMI faction in return for its support on the no-confidence vote. Party chairman Peres recently told the US Ambassador that he sees early elections as Labor's only route back to power and that they will certainly occur before June.

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Labor's call for early elections comes after a number of public opinion polls have shown that the party has a strong and growing lead over Shamir's Likud bloc. A poll published on 27 January showed that, if elections were held now, Labor would win an absolute majority of about 62 seats in the 120-seat Knesset and that Likud would win about 28. Labor's popularity has grown consistently since last June, and this poll is its strongest showing since the election in 1981.

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The resignation from the cabinet on Sunday of Mordechai Ben-Porat, an independent member of the coalition, added to the talk of early elections. Ben-Porat said he would remain in the coalition but would support early elections if efforts to form a national unity government failed.

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Ben-Porat's resignation increases the chances for this Knesset's approval of an election bill. Fifty-eight deputies—just short of the necessary majority of 61—already had declared their support for early elections.

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Likud's Problems

The coalition has not yet recovered from other adverse developments last week. Israeli media report that the concessions made to TAMI have angered many coalition members. Leaders of the National Religious Party and the ultraorthodox Agudat Israel are threatening to follow TAMI's example and present their demands to the government. []

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Deputy Prime Minister Levy has stated that early elections may be necessary "if it turns out that the government is preoccupied only with its own survival and is again faced with crises." Levy's comments reflect the bitterness felt by many in the Likud over TAMI's growing demands for additional funds, tax breaks for the poor, and social legislation as its price for remaining in the coalition. []

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The infighting in the coalition has stalled the government's efforts to carry out the austerity program Shamir has advocated to deal with triple-digit inflation and the trade deficit. The budget cuts adopted by the cabinet on 22 January have already been undermined by the concessions made to TAMI. Price hikes probably will continue to accelerate, leading to increased labor unrest and reinforcing the impression that Israel's economic problems are out of control. []

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Outlook

Shamir and most of his colleagues oppose advancing the date for elections because they fear a major defeat. The US Embassy reports that even Liberal Party mavericks Berman and Zeigerman are rethinking their previous support for early elections, as is Ben-Porat. []

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To win more seats, Labor would like to take advantage of its standing in the polls and insist on elections. Nevertheless, the party is reluctant to push for a vote on early elections as long as passage in the Knesset is not assured. If defeated, an early elections bill could not be voted on again for six months. []

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Labor still could come to power later this year as a result of a successful no-confidence bid in the Knesset. Under these circumstances, President Herzog would be likely to ask Peres, as leader of the largest bloc in the Knesset, to form a new government. Peres probably would prefer this route to power, knowing that former Prime Minister Rabin—and possibly former President Navon—would try to supplant him as party head if early elections were called. []

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